

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Charter Township of Lansing	County Ingham
Fiscal Year End 12/31/06	Opinion Date 6/6/07	Date Audit Report Submitted to State 7/11/07	

We affirm that:

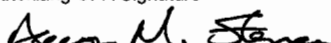
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 - ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - ☒ ☐ The local unit has adopted a budget for all required funds.
 - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
 - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
 - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 - ☐ ☒ The local unit is free of repeated comments from previous years.
 - ☒ ☐ The audit opinion is UNQUALIFIED.
 - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
 - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input checked="" type="checkbox"/>	N/A		
Certified Public Accountant (Firm Name) Abraham & Gaffney, P.C.		Telephone Number (517) 351-6836		
Street Address 3511 Coolidge Road, Suite 100		City East Lansing	State MI	Zip 48823
Authorizing CPA Signature 		Printed Name Aaron M. Stevens, CPA		License Number 1101024055

**Charter Township of Lansing
Ingham County, Michigan**

FINANCIAL STATEMENTS

December 31, 2006

Charter Township of Lansing

Ingham County, Michigan

December 31, 2006

BOARD OF TRUSTEES

John Daher	Supervisor
Susan Aten	Clerk
Kathleen Rodgers	Treasurer
Howard Love	Trustee
Tom Masseau, Jr.	Trustee
Joseph Sambaer	Trustee
Leo Rodgers	Trustee

Charter Township of Lansing
Ingham County, Michigan

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Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA



ABRAHAM & GAFFNEY, P.C.

Certified Public Accountants

3511 Coolidge Road
Suite 100
East Lansing, MI 48823
(517) 351-6836
FAX: (517) 351-6837

INDEPENDENT AUDITOR'S REPORT

Members of the Township Board
Charter Township of Lansing
Lansing, Michigan

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, the discretely presented component units, and the aggregate remaining fund information of the Charter Township of Lansing, Michigan as of and for the year ended December 31, 2006, which collectively comprise the Township's financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the Charter Township of Lansing, Michigan as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information, as identified in the Table of Contents, are not a required part of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Lansing's financial statements. The accompanying other supplementary information, as identified in the Table of Contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

June 6, 2007

Charter Township of Lansing
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2006

The following is a discussion and analysis of the Charter Township of Lansing's (the Township's) financial performance and position, providing an overview of the activities for the year ended December 31, 2006. This analysis should be read in conjunction with the *Independent Auditors Report* and with the Township's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-wide:

- Total net assets as of December 31, 2006, were \$3,645,504 (excluding component units).
- Governmental activities net assets were \$1,229,840.
- Business-type activity net assets were \$2,415,664.
- Component unit net assets were \$651,255.

Fund Level:

- At the close of the fiscal year, the Township's governmental funds reported a combined ending fund balance of \$2,236,757 with \$1,565,138 being reserved, designated, or otherwise earmarked for specific purposes (for example debt service).
- The General Fund realized \$67,106 more in revenues and other financing sources than anticipated for the fiscal year. The General Fund operations also expended \$78,908 less than appropriated.
- Overall, the General Fund's fund balance increased \$112,519.

Capital and Long-term Debt Activities:

- The net book value of capital assets used in governmental and component units increased by \$137,384 and \$13,325, respectively and business-type activities decreased by \$138,786 during the fiscal year.
- The primary government had no new debt issues for the year.
- The total long-term debt for the primary government was \$4,581,495, a net decrease of \$437,867 from the prior year.
- The Township remains well below its authorized legal debt limit.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Township's annual financial report. The annual financial report of the Township consists of the following components: 1) *Independent Auditors Report*; 2) *Management's Discussion and Analysis* and 3) the *Basic Financial Statements* (government-wide financial statements, fund financial statements, notes to the financial statements), 4) *Required Supplementary Information* such as budget to actual comparisons for the General Fund and major Special Revenue Funds, and 5) *Other Supplementary Information* including combining financial statements for all nonmajor governmental funds and other funds and other financial data.

Government-wide Financial Statements (Reporting the Township as a Whole)

The set of government-wide financial statements are made up of the Statement of Net Assets and the Statement of Activities, which report information about the Township as a whole, and about its activities. Their purpose is to assist in answering the question, is the Township, in its entirety, better or worse off as a result of this fiscal year's activities? These statements, which include all nonfiduciary assets and liabilities, are reported on the *accrual basis of accounting*, similar to a private business. This means revenues are accounted for when they are *earned* and expenses are accounted for when *incurred*, regardless of when the actual cash is received or disbursed.

Charter Township of Lansing

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2006

The Statement of Net Assets (page 1) presents all of the Township's assets and liabilities, recording the difference between the two as "net assets". Over time, increases or decreases in net assets measure whether the Township's financial position is improving or deteriorating.

The Statement of Activities (page 2) presents information showing how the Township's net assets changed during 2006. All changes in net assets are reported based on the period for which the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee vacation leave.

Both statements report the following activities:

- **Governmental Activities** - Most of the Township's basic services are reported under this category. Taxes, charges for services and intergovernmental revenue primarily fund these services. Most of the Township's general government departments, public safety, public works, health and welfare (ambulance), economic development, township improvements, street improvements, recreation activities, and other township wide elected official operations are reported under these activities.
- **Business-type Activities** - These activities operate like private businesses. The Township charges fees to recover the cost of the services provided. The West Side Water District is the Township's only business-type activity.
- **Discretely Presented Component Units** - Discretely presented component units are legally separate organizations for which the Township Board of Trustees appoints a majority of the organization's policy board and there is a degree of financial accountability to the Township. Two organizations are included as discretely presented component units: the Downtown Development Authority and the Economic Development Corporation.

As stated previously, the government-wide statements report on an *accrual* basis of accounting. However, the governmental funds report on a *modified accrual* basis. Under modified accrual accounting, revenues are recognized when they are measurable and available to pay obligations of the fiscal period; expenditures are recognized when they are due to be paid from available resources.

In addition, it should be noted that the government-wide financial statements include the net value of the Township's general capital assets such as buildings, land, vehicles, computer equipment, etc. These values are not included in the fund financial statements.

Fund Financial Statements (Reporting the Township's Major Funds)

The fund financial statements, which begin on page 3, provide information on the Township's significant (major) funds, and aggregated nonmajor funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the Township uses to keep track of specific sources of funding and spending for a particular purpose. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

The major funds for the Charter Township of Lansing include the General Fund, the Tollgate Drain Debt Service Fund, and the West Side Water District Fund. All other funds are classified as nonmajor funds and are reported in aggregate by the applicable fund type.

Charter Township of Lansing

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2006

The Township's funds are divided into three categories - governmental, proprietary, and fiduciary - and use different accounting approaches:

- **Governmental Funds** - Most of the Township's basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance the Township's programs. Governmental funds include the General Fund, as well as Special Revenue Funds, Capital Projects Funds, and Debt Service Funds.
- **Proprietary Funds** - Services for which the Township charges customers (whether outside the Township structure or a Township department) a fee are generally reported in proprietary funds. Proprietary funds use the same *accrual* basis of accounting used in the government-wide statements and by private business. An example is the West Side Water District Fund.
- **Fiduciary Funds** - The Township may act as a trustee or fiduciary in certain instances. It is also responsible for other assets that, because of trust arrangements, can only be used for the trust beneficiaries. The Township's fiduciary activities are reported in the separate Statement of Net Assets on page 10. These funds, which include trust and agency funds, are reported using the accrual basis of accounting. The government-wide statements *exclude* the fiduciary fund activities and balances because these assets are not available to the Township to fund its operations.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the detail provided in the government-wide and fund financial statements. The Notes can be found beginning on page 14 of this report.

Required Supplementary Information

Following the Basic Financial Statements is additional Required Supplementary Information (RSI), which further explains and supports the information in the financial statements. RSI includes budgetary comparison schedules for the General Fund and the major special revenue funds.

Other Supplementary Information

Other Supplementary Information includes combining financial statements for nonmajor governmental funds. These funds are added together and presented in aggregate single columns in the appropriate basic financial statements.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

As previously stated, the Charter Township of Lansing combined net assets were \$3,645,504 at the end of this fiscal year's operations. The net assets of the governmental activities were \$1,229,840; the business type activities were \$2,415,664.

Charter Township of Lansing

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2006

Net Assets as of December 31, 2006 and December 31, 2005

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Current and Other Assets	\$ 6,166,399	\$ 6,157,815	\$ 521,200	\$ 516,812	\$ 6,687,599	\$ 6,674,627
Capital Assets	<u>1,576,265</u>	<u>1,438,881</u>	<u>3,306,769</u>	<u>3,445,555</u>	<u>4,883,034</u>	<u>4,884,436</u>
Total Assets	<u>\$ 7,742,664</u>	<u>\$ 7,596,696</u>	<u>\$ 3,827,969</u>	<u>\$ 3,962,367</u>	<u>\$ 11,570,633</u>	<u>\$ 11,559,063</u>
Current Liabilities	\$ 3,322,258	\$ 2,973,571	\$ 375,904	\$ 449,829	\$ 3,698,162	\$ 3,423,400
Noncurrent Liabilities	<u>3,190,566</u>	<u>3,499,886</u>	<u>1,036,401</u>	<u>1,113,956</u>	<u>4,226,967</u>	<u>4,613,842</u>
Total Liabilities	<u>\$ 6,512,824</u>	<u>\$ 6,473,457</u>	<u>\$ 1,412,305</u>	<u>\$ 1,563,785</u>	<u>\$ 7,925,129</u>	<u>\$ 8,037,242</u>
Net Assets						
Invested in Capital Assets (net of related debt)	\$ 1,551,265	\$ 1,388,881	\$ 2,251,769	\$ 2,298,389	\$ 3,803,034	\$ 3,687,270
Restricted	1,048,968	1,158,781	-	-	1,048,968	1,158,781
Unrestricted	<u>(1,370,393)</u>	<u>(1,424,423)</u>	<u>163,895</u>	<u>100,193</u>	<u>(1,206,498)</u>	<u>(1,324,230)</u>
Total Net Assets	<u>\$ 1,229,840</u>	<u>\$ 1,123,239</u>	<u>\$ 2,415,664</u>	<u>\$ 2,398,582</u>	<u>\$ 3,645,504</u>	<u>\$ 3,521,821</u>

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the Township's primary government net assets changed during the fiscal year.

Changes in Net Assets for the Fiscal Years Ended December 31, 2006 and December 31, 2005

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues						
Program Revenues						
Charges for Services	\$ 747,867	\$ 713,109	\$ 710,741	\$ 725,753	\$ 1,458,608	\$ 1,438,862
Grants and Contributions	53,459	166,708	-	-	53,459	166,708
General Revenues						
Property Taxes	2,252,076	2,296,276	-	-	2,252,076	2,296,276
State Shared Revenue	726,167	725,974	-	-	726,167	725,974
Investment Earnings	204,290	172,723	15,135	9,963	219,425	182,686
Miscellaneous	<u>100,114</u>	<u>24,458</u>	<u>8,089</u>	<u>-</u>	<u>108,203</u>	<u>24,458</u>
Total Revenues	<u>4,083,973</u>	<u>4,099,248</u>	<u>733,965</u>	<u>735,716</u>	<u>4,817,938</u>	<u>4,834,964</u>

Charter Township of Lansing

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2006

Changes in Net Assets for the Fiscal Years Ended December 31, 2006 and December 31, 2005 - continued

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Expenses						
General Government	\$ 808,627	\$ 971,852	\$ -	\$ -	\$ 808,627	\$ 971,852
Public Safety	1,687,440	1,821,984	-	-	1,687,440	1,821,984
Public Works	149,061	174,159	-	-	149,061	174,159
Health & Welfare	1,076,209	1,139,067	-	-	1,076,209	1,139,067
Community & Economic Develop.	4,939	6,485	-	-	4,939	6,485
Recreation & Cultural	28,812	35,620	-	-	28,812	35,620
Other	122,406	141,103	716,883	727,248	839,289	868,351
Special Item	<u>6,838</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,838</u>	<u>-</u>
Total Expenses	<u>3,884,332</u>	<u>4,290,270</u>	<u>716,883</u>	<u>727,248</u>	<u>4,601,215</u>	<u>5,017,518</u>
Change in Net Assets	199,641	(191,022)	17,082	8,468	216,723	(182,554)
Restated Net Assets - Beginning	<u>1,030,199</u>	<u>1,314,261</u>	<u>2,398,582</u>	<u>2,390,114</u>	<u>3,428,781</u>	<u>3,704,375</u>
Net Assets - Ending	<u>\$ 1,229,840</u>	<u>\$ 1,123,239</u>	<u>\$ 2,415,664</u>	<u>\$ 2,398,582</u>	<u>\$ 3,645,504</u>	<u>\$ 3,521,821</u>

Governmental Activities:

The result of 2006 governmental activity was an increase of \$199,641 in net assets to \$1,229,840. Of the total governmental activities' net assets, \$1,551,265 is invested in capital assets less related debt, \$1,048,968 is reported as restricted, meaning these assets are legally committed for a specific purpose through statute, or by another authority outside the Township government. Because the restrictions on net assets and the amount invested in capital exceed the difference between total assets and total liabilities, the amount of "unrestricted" net assets is negative \$1,370,393.

Revenues:

The two largest revenue categories for governmental activities were charges for services at 20% and property taxes at 58%. The Township levied a property tax millage for the year ended December 31, 2006, for general government operations at 7.3725 mills and additional amounts for debt services, which is not assigned to any particular activity.

Expenses:

Public Safety is the largest area of government activity, expending approximately 43% of the governmental activities total on law enforcement, fire protection, and code enforcement. Health and Welfare is the second largest governmental activity, expending approximately 28% of the governmental activities total and includes the Township's ambulance operations.

Charter Township of Lansing

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2006

Business-type Activities:

Net assets of the business-type activities increased by \$17,082 during fiscal year 2006. Of the business-type activities' net assets, \$2,251,769 is invested in capital assets net of related debt and \$163,895 is listed as unrestricted, having no legal commitment.

**FINANCIAL ANALYSIS OF THE TOWNSHIP'S MAJOR
AND NONMAJOR GOVERNMENTAL FUNDS**

As the Township completed 2006, its governmental funds reported *combined* fund balances of \$2,236,757. This is a net decrease from the prior year of \$128,129. The net changes are summarized in the following chart:

	General Fund	Tollgate Drain Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balance 12/31/05	\$ 328,980	\$ 988,867	\$ 1,047,039	\$ 2,364,886
Fund Balance 12/31/06	\$ 441,499	\$ 857,692	\$ 937,566	\$ 2,236,757
Net Change	\$ 112,519	\$ (131,175)	\$ (109,473)	\$ (128,129)

General Fund:

The General Fund is the chief operating fund of the Township. Unless otherwise required by statute, contractual agreement or Board policy, all Township revenues and expenditures are recorded in the General Fund. As of December 31, 2006, the General Fund reported a fund balance of \$441,499. This amount is an increase of \$112,519 from the fund balance of \$328,980 reported as of December 31, 2005. The 2006 original budget had called for a \$93,434 use of fund balance. \$369,301 of the fund balance is reported as undesignated.

General Fund Budgetary Highlights:

The Township's budget is an extremely flexible document. Although adopted in September (prior to the start of the year), the budget is routinely amended during the course of the year to reflect changing operational demands. There were some wide variations in individual revenue accounts reflecting the tightening national and local economy.

Capital Asset and Debt Administration:

Capital Assets. At the end of the fiscal year, the Township had approximately \$4,883,034 invested in a broad range of governmental and business-type capital assets, including buildings, land, equipment, and utilities.

Long-term Debt. The Township's long-term debt totaled \$4,581,495. This amount includes obligations related to the Tollgate Drain totaling \$2,656,718, water system bonds totaling \$1,055,000, and amounts due to the Capital Area Transportation Authority of \$31,042.

Charter Township of Lansing

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2006

Current Economic Factors

- In 2006 we had an increase in the General Fund balance for the first time in several years.
- The voters of Lansing Township expressed their confidence in their township by voting in one renewal mil and 1 additional mil for township public safety and general operating.
- Our ambulance service continues to provide the very best in advanced medical transport and additional revenues for the Fire Department.
- Economic Development in the DDA is expanding and there are major projects planned for the next several years securing the financial future not only of the DDA District but the entire township.
- The township anticipates that development on the west side of the township will become a major focus for the coming years as the industrial properties are rezoned and the new master plan for the township indicates a mixed use development of vacant industrial properties.
- Even with the loss of state shared revenues, the township's economic development, increased tax revenues and the board's dedication to keeping expenditures under control bodes well for the future of the township.

Contacting the Township's Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If there are questions about this report, or a need for additional information, contact the Charter Township of Lansing Treasurer's Office at (517) 485-7115.

BASIC FINANCIAL STATEMENTS

Charter Township of Lansing

STATEMENT OF NET ASSETS

December 31, 2006

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,211,191	\$ 194,386	\$ 1,405,577	\$ 871,236
Investments	425,039	-	425,039	-
Receivables	2,943,995	229,293	3,173,288	690,414
Internal balances	2,707	(2,707)	-0-	-
Due from other governmental units	323,338	-	323,338	9,439
Inventories	-	10,248	10,248	-
Prepays	72,198	11,913	84,111	-
Total current assets	4,978,468	443,133	5,421,601	1,571,089
Noncurrent assets				
Cash and cash equivalents - restricted	-	27,140	27,140	-
Investments	1,097,931	140,927	1,238,858	-
Internal balances	90,000	(90,000)	-0-	-
Capital assets not being depreciated	12,411	27,701	40,112	7,750
Capital assets, net of accumulated depreciation	1,563,854	3,279,068	4,842,922	5,575
Total noncurrent assets	2,764,196	3,384,836	6,149,032	13,325
TOTAL ASSETS	7,742,664	3,827,969	11,570,633	1,584,414
LIABILITIES				
Current liabilities				
Accounts payable	150,646	15,135	165,781	5,361
Accrued liabilities	110,703	8,965	119,668	-
Accrued interest payable	43,179	12,976	56,155	402
Due to other governmental units	-	255,021	255,021	28,992
Deferred revenue	2,719,869	-	2,719,869	769,617
Current portion of compensated absences	26,647	3,807	30,454	-
Current portion of long-term debt	271,213	80,000	351,213	55,323
Total current liabilities	3,322,257	375,904	3,698,161	859,695
Noncurrent liabilities				
Payable from restricted cash - customer deposits	-	27,140	27,140	-
Noncurrent portion of compensated absences	354,020	34,261	388,281	-
Noncurrent portion of long-term debt	2,836,547	975,000	3,811,547	73,464
Total noncurrent liabilities	3,190,567	1,036,401	4,226,968	73,464
TOTAL LIABILITIES	6,512,824	1,412,305	7,925,129	933,159
NET ASSETS				
Invested in capital assets, net of related debt	1,551,265	2,251,769	3,803,034	-
Restricted for debt retirement	963,882	-	963,882	-
Restricted for other purposes	85,086	-	85,086	-
Unrestricted	(1,370,393)	163,895	(1,206,498)	651,255
TOTAL NET ASSETS	\$ 1,229,840	\$ 2,415,664	\$ 3,645,504	\$ 651,255

See accompanying notes to financial statements.

Charter Township of Lansing
STATEMENT OF ACTIVITIES
Year Ended December 31, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 808,627	\$ 358,936	\$ 5,000	\$ -	\$ (444,691)	\$ -	\$ (444,691)	\$ -
Public safety	1,687,440	589	3,565	41,915	(1,641,371)	-	(1,641,371)	-
Public works	149,061	95,307	-	2,979	(50,775)	-	(50,775)	-
Health and welfare	1,076,209	224,441	-	-	(851,768)	-	(851,768)	-
Community and economic development	4,939	68,594	-	-	63,655	-	63,655	-
Recreation and cultural	28,812	-	-	-	(28,812)	-	(28,812)	-
Interest expense	122,406	-	-	-	(122,406)	-	(122,406)	-
Total governmental activities	3,877,494	747,867	8,565	44,894	(3,076,168)	-0-	(3,076,168)	-0-
Business-type activities								
West Side Water District	716,883	710,741	-	-	-	(6,142)	(6,142)	-
Total primary government	<u>\$ 4,594,377</u>	<u>\$ 1,458,608</u>	<u>\$ 8,565</u>	<u>\$ 44,894</u>	(3,076,168)	(6,142)	(3,082,310)	-0-
Component units								
Downtown Development Authority	\$ 749,436	\$ -	\$ -	\$ -	-	-	-0-	(749,436)
Economic Development Corporation	521	-	10,000	-	-	-	-	9,479
	<u>\$ 749,957</u>	<u>\$ -0-</u>	<u>\$ 10,000</u>	<u>\$ -0-</u>	-0-	-0-	-0-	(739,957)
		General revenues						
		Property taxes			2,252,076	-	2,252,076	1,336,921
		State shared revenue			726,167	-	726,167	-
		Investment earnings			204,290	15,135	219,425	11,840
		Miscellaneous			100,114	8,089	108,203	-
		Special item - Loss on disposal of capital assets			(6,838)	-	(6,838)	-
		Total general revenues and special item			3,275,809	23,224	3,299,033	1,348,761
		Change in net assets			199,641	17,082	216,723	608,804
		Restated net assets, beginning of the year			1,030,199	2,398,582	3,428,781	42,451
		Net assets, end of the year			\$ 1,229,840	\$ 2,415,664	\$ 3,645,504	\$ 651,255

See accompanying notes to financial statements.

Charter Township of Lansing

GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2006

	General	Tollgate Drain Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 765,919	\$ 15,017	\$ 430,255	\$ 1,211,191
Investments	178,733	938,209	406,028	1,522,970
Receivables				
Accounts	103,842	-	-	103,842
Taxes	1,789,297	-	107,188	1,896,485
Special assessments	-	650,697	292,971	943,668
Due from other funds	2,707	-	5,291	7,998
Advance to other funds	-	-	90,000	90,000
Due from other governmental units				
State	249,261	-	-	249,261
Local	28,992	45,085	-	74,077
Prepays	72,198	-	-	72,198
TOTAL ASSETS	\$ 3,190,949	\$ 1,649,008	\$ 1,331,733	\$ 6,171,690
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 30,609	\$ 120,037	\$ -	\$ 150,646
Accrued payroll	63,378	-	-	63,378
Accrued liabilities	14,511	32,814	-	47,325
Due to other funds	-	-	5,291	5,291
Deferred revenue	2,640,952	638,465	388,876	3,668,293
TOTAL LIABILITIES	2,749,450	791,316	394,167	3,934,933
FUND BALANCES				
Reserved for				
Prepays	72,198	-	-	72,198
Debt service	-	857,692	149,369	1,007,061
Capital projects	-	-	485,879	485,879
Unreserved				
Undesignated, reported in				
General fund	369,301	-	-	369,301
Special revenue funds	-	-	136,012	136,012
Capital projects funds	-	-	166,306	166,306
TOTAL FUND BALANCES	441,499	857,692	937,566	2,236,757
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,190,949	\$ 1,649,008	\$ 1,331,733	\$ 6,171,690

See accompanying notes to financial statements.

Charter Township of Lansing

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

December 31, 2006

Total fund balance - governmental funds **\$ 2,236,757**

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 4,143,831	
Accumulated depreciation is	<u>(2,567,566)</u>	
Capital assets, net		1,576,265

Long-term receivables are not available to pay for current period expenditures
and are therefore deferred in the funds. These consist of:

Deferred revenue	948,424
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Long-term liabilities are not due and payable in the current period and
therefore are not reported in the Governmental Funds Balance Sheet.

Long-term liabilities at year-end consist of:

Bonds and notes payable	(3,107,760)	
Accrued interest payable	(43,179)	
Compensated absences	<u>(380,667)</u>	
		<u>(3,531,606)</u>

Net assets of governmental activities **\$ 1,229,840**

See accompanying notes to financial statements.

Charter Township of Lansing

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended December 31, 2006

	General	Tollgate Drain Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 2,391,929	\$ -	\$ 50,437	\$ 2,442,366
Licenses and permits	140,151	-	11,727	151,878
Intergovernmental	768,082	-	-	768,082
Charges for services	313,961	-	-	313,961
Fines and forfeits	4,887	-	-	4,887
Interest and rents	127,388	77,096	41,788	246,272
Other	108,966	94,737	115,701	319,404
TOTAL REVENUES	3,855,364	171,833	219,653	4,246,850
EXPENDITURES				
Current				
General government	916,199	-	-	916,199
Public safety	2,744,534	-	-	2,744,534
Public works	-	-	135,452	135,452
Health and welfare	50,326	-	-	50,326
Community and economic development	4,939	-	-	4,939
Recreation and cultural	13,774	-	-	13,774
Capital outlay	-	-	76,545	76,545
Debt service	-	363,008	70,202	433,210
TOTAL EXPENDITURES	3,729,772	363,008	282,199	4,374,979
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	125,592	(191,175)	(62,546)	(128,129)
OTHER FINANCING SOURCES (USES)				
Transfers in	11,727	60,000	24,800	96,527
Transfers out	(24,800)	-	(71,727)	(96,527)
TOTAL OTHER FINANCING SOURCES (USES)	(13,073)	60,000	(46,927)	-0-
NET CHANGE IN FUND BALANCES	112,519	(131,175)	(109,473)	(128,129)
Fund balances, beginning of year	328,980	988,867	1,047,039	2,364,886
Fund balances, end of year	\$ 441,499	\$ 857,692	\$ 937,566	\$ 2,236,757

See accompanying notes to financial statements.

Charter Township of Lansing

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2006

Net change in fund balances - total governmental funds **\$ (128,129)**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 343,029	
Depreciation expense	<u>(198,807)</u>	
Excess of capital outlay over depreciation expense		144,222
Loss on disposal of capital assets		(6,838)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (162,877)

Items resulting from the repayment of long-term debt and borrowing of long-term debt is reported as expenditures, other financing uses, and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings and other liabilities increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Principal retirement	305,576
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	5,228	
Decrease in compensated absences	<u>42,459</u>	
		<u>47,687</u>

Change in net assets of governmental activities **\$ 199,641**

See accompanying notes to financial statements.

Charter Township of Lansing
Proprietary Fund
STATEMENT OF NET ASSETS
December 31, 2006

	<u>West Side Water District</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 194,386
Accounts receivable	227,459
Delinquent utilities receivable	1,834
Inventories	10,248
Prepays	<u>11,913</u>
Total current assets	445,840
Noncurrent assets	
Cash and cash equivalents - restricted	27,140
Investments	140,927
Capital assets not being depreciated	27,701
Capital assets, net of accumulated depreciation	<u>3,279,068</u>
Total noncurrent assets	<u>3,474,836</u>
TOTAL ASSETS	3,920,676
LIABILITIES	
Current liabilities	
Accounts payable	15,135
Accrued liabilities	8,965
Accrued interest payable	12,976
Due to other governmental units - local	255,021
Due to other funds	2,707
Current portion of compensated absences	3,807
Current portion of long-term debt	<u>80,000</u>
Total current liabilities	378,611
Noncurrent liabilities	
Advance from other funds	90,000
Payable from restricted cash - customer deposits payable	27,140
Noncurrent portion of compensated absences	34,261
Noncurrent portion of long-term debt	<u>975,000</u>
Total noncurrent liabilities	<u>1,126,401</u>
TOTAL LIABILITIES	1,505,012
NET ASSETS	
Invested in capital assets, net of related debt	2,251,769
Unrestricted	<u>163,895</u>
TOTAL NET ASSETS	<u>\$ 2,415,664</u>

See accompanying notes to financial statements.

Charter Township of Lansing

Proprietary Fund

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

Year Ended December 31, 2006

	West Side Water District
OPERATING REVENUES	
Charges for services	\$ 588,835
Collection fees and other charges	88,392
Rents	33,514
Other	8,089
	<hr/>
TOTAL OPERATING REVENUES	718,830
OPERATING EXPENSES	
Salaries and wages	206,734
Fringe benefits	90,525
Water purchases	89,710
Fuel and utilities	17,515
Operating supplies	26,159
Contractual services	29,731
Insurance	24,166
Repairs and maintenance	19,649
Rent	14,290
Transportation	5,605
Other	4,331
Depreciation	146,422
	<hr/>
TOTAL OPERATING EXPENSES	674,837
	<hr/>
OPERATING INCOME	43,993
NONOPERATING REVENUES (EXPENSES)	
Interest revenue	15,135
Interest expense	(42,046)
	<hr/>
TOTAL NONOPERATING REVENUES (EXPENSES)	(26,911)
	<hr/>
CHANGE IN NET ASSETS	17,082
Net assets, beginning of year	2,398,582
	<hr/>
Net assets, end of year	\$ 2,415,664
	<hr/>

See accompanying notes to financial statements.

Charter Township of Lansing
Proprietary Fund
STATEMENT OF CASH FLOWS
Year Ended December 31, 2006

	West Side Water District
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	\$ 718,605
Cash receipts from other funds	5,499
Cash paid to suppliers	(292,628)
Cash paid for employee benefits	(90,525)
Cash paid to employees	(199,600)
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	141,351
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital purchases	(7,636)
Interest expense	(42,046)
	<hr/>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(49,682)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(22,812)
Interest revenue	15,135
Principal payments	(92,166)
	<hr/>
NET CASH (USED) BY INVESTING ACTIVITIES	(99,843)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS DURING YEAR	(8,174)
Cash and cash equivalents, beginning of year	<hr/> 229,700
Cash and cash equivalents, end of year	<hr/> <u>\$ 221,526</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 43,993
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	146,422
(Increase) in receivables	(570)
Decrease in prepaids	5,165
(Increase) in inventories	(594)
Decrease in due from other governmental units	750
Decrease in due from other funds	2,792
Increase in due to other funds	2,707
(Decrease) in due to other governmental units	(59,890)
(Decrease) in accounts payable	(5,991)
Increase in accrued liabilities	4,800
(Decrease) in accrued interest payable	(912)
Increase in accrued compensated absences	2,334
Increase in customer deposits	345
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 141,351</u>

See accompanying notes to financial statements.

Charter Township of Lansing

Fiduciary Funds

STATEMENT OF NET ASSETS

December 31, 2006

	Employee Sick Leave and Retirement	Agency Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 400,994
Investments	68,483	-
TOTAL ASSETS	<u>\$ 68,483</u>	<u>\$ 400,994</u>
LIABILITIES		
Due to other governmental units		
Local	<u>\$ -</u>	<u>\$ 400,994</u>
NET ASSETS		
Held in trust for employee benefits	<u>\$ 68,483</u>	

See accompanying notes to financial statements.

Charter Township of Lansing

Fiduciary Funds

STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31, 2006

	Employee Sick Leave and Retirement
ADDITIONS	
Interest	<u>\$ 2,428</u>
TOTAL CHANGE IN NET ASSETS	2,428
Net assets, beginning of year	<u>66,055</u>
Net assets, end of year	<u><u>\$ 68,483</u></u>

See accompanying notes to financial statements.

Charter Township of Lansing

Component Units

COMBINING STATEMENT OF NET ASSETS

December 31, 2006

	Downtown Development Authority	Economic Development Corporation	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 861,757	\$ 9,479	\$ 871,236
Taxes receivable	690,414	-	690,414
Due from other governmental units	9,439	-	9,439
Total current assets	1,561,610	9,479	1,571,089
Noncurrent assets			
Capital assets not being depreciated	7,750	-	7,750
Capital assets, net of accumulated depreciation	5,575	-	5,575
Total noncurrent assets	13,325	-0-	13,325
TOTAL ASSETS	1,574,935	9,479	1,584,414
LIABILITIES			
Current liabilities			
Accounts payable	5,361	-	5,361
Accrued interest payable	402	-	402
Due to other governmental units	28,992	-	28,992
Deferred revenue	769,617	-	769,617
Current portion of long-term debt	55,323	-	55,323
Total current liabilities	859,695	-0-	859,695
Noncurrent liabilities			
Noncurrent portion of long-term debt	73,464	-	73,464
TOTAL LIABILITIES	933,159	-0-	933,159
NET ASSETS			
Unrestricted	<u>\$ 641,776</u>	<u>\$ 9,479</u>	<u>\$ 651,255</u>

See accompanying notes to financial statements.

Charter Township of Lansing

Component Units

COMBINING STATEMENT OF ACTIVITIES

Year Ended December 31, 2006

Program expenses	
Downtown Development Authority	\$ 749,436
Economic Development Corporation	<u>521</u>
TOTAL PROGRAM EXPENSES	749,957
Program revenues	
Operating grants and contributions	<u>10,000</u>
NET EXPENSES	(739,957)
General revenues	
Property taxes	1,336,921
Investment earnings	<u>11,840</u>
TOTAL GENERAL REVENUES	<u>1,348,761</u>
CHANGE IN NET ASSETS	608,804
Net assets, beginning of the year	<u>42,451</u>
Net assets, end of the year	<u><u>\$ 651,255</u></u>

See accompanying notes to financial statements.

Charter Township of Lansing
NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter Township of Lansing, Michigan was organized as a Township under provisions of the constitution and general law of the State of Michigan. The Township is one of sixteen (16) townships in Ingham County. The Township operates under an elected Township Supervisor and an elected Township Board which consists of a Supervisor, Clerk, Treasurer, and four (4) Trustees and provides services to its residents in many areas including water and sewer, general government, law enforcement, fire protection and prevention, maintenance of highway, streets and bridges, and community enrichment.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement 14, *The Financial Reporting Entity* (as amended by GASB Statement 39); and *Statement on Michigan Governmental Accounting and Auditing No. 5*, these financial statements present the financial activities of the Charter Township of Lansing (primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government.

2. Blended Component Units

- a. Building Authority - The Building Authority is governed by a three (3) member board appointed by the Township Board. Its purpose is to provide for the acquisition and construction of the Township's public buildings.
- b. West Side Water District - The West Side Water District is governed by a six (6) member board appointed by the Township Supervisor and approved by the Township board. The District (Enterprise Fund) accounts for the operations of the Township water system. Revenues are derived primarily from user fees based on water usage. The enterprise fund also bills, collects, and remits sewer fees for the City of Lansing and Delta Township.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters considers the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

Based upon the application of these criteria, the financial statements of the Charter Township of Lansing contain all the funds controlled by the Township Board.

3. Discretely Presented Component Units

The component units are reported in a separate column to emphasize that, while legally separate, the Charter Township of Lansing remains financially accountable for these entities.

The governing body of the Downtown Development Authority is appointed by the Township Board. The Authority's purpose is the collection of tax increment revenues, the issuance and repayment of debt, the construction of public facilities, and the promotion and facilitation of economic growth in the development district. The Authority's budget and debt issuance is subject to the approval of the Township Board.

Charter Township of Lansing
NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Discretely Presented Component Units - continued

The Economic Development Corporation (EDC) was established pursuant to the provisions of Public Act 338 of 1974, as amended. The governing body of the EDC is appointed by the Township Board. The EDC may not issue debt without approval from the Township Board. The EDC financial statements are presented as part of Other Supplementary Information and are not audited separately.

4. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities (the government-wide statements) present information for the primary government and its component unit as a whole. All nonfiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the primary government and its component unit and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the Township's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

The major funds of the Township are:

- a. The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The Tollgate Drain Debt Service Fund is used to account for special assessments and debt service associated with the Tollgate Drainage District.
- c. The West Side Water Fund is used to account for the operations of the Township water system. Revenues are derived primarily from user fees based on water usage. The enterprise fund also bills, collects, and remits sewer fees for the City of Lansing and Delta Township.

5. Measurement Focus

The government-wide, proprietary, and nonagency fiduciary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

Charter Township of Lansing
NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Measurement Focus - continued

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

There is no measurement focus for Agency Funds since assets equal liabilities.

6. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental and similar trust funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and deferred revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary and similar trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Private-sector standards of accounting and financial reporting issued to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. If/when both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

7. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with the modified accrual basis used to reflect actual results in the fund financial statements. The Township employs the following procedures in establishing the budgetary data reflected in the financial statements.

- a. Prior to September 1, the Supervisor submits a proposed operating budget for the fiscal year commencing the following January 1 to the Township Board. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at the Township Hall to obtain taxpayer comments.

Charter Township of Lansing

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Budgets and Budgetary Accounting - continued

- c. Prior to November 1, the budget is adopted through passage of an ordinance. After the budget is adopted all transfers of budgeted amounts between activities or any revisions that alter the total expenditures of the fund or activity must be approved by the Township Board.
- d. Formal budgetary integration is employed as a management control device during the year.
- e. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at December 31 are not carried forward to the following fiscal year.
- f. Budgeted amounts are reported as originally adopted or amended by the Township Board during the year.

8. Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of checking, savings, and investment trust fund accounts. The cash and cash equivalents are recorded at cost, which approximates market value.

Investments consist of certificates of deposit and U.S. Government Securities with original maturities of greater than 90 days. Investments are recorded at market value in accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

9. Cash and Cash Equivalents - Restricted

The Township restricted cash is for utility customer deposits being held by the Township.

10. Receivables

Receivables consist of amounts due from various individuals and businesses related to charges for services, amounts owed to the Township from special assessments, and taxes levied that have not been collected.

11. Capital Assets

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities, business-type activities, and component unit columns. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	10 - 25 years
Buildings and improvements	10 - 40 years
Machinery, equipment, and furniture	5 - 30 years
Vehicles	5 - 15 years
Water and sewer systems	10 - 75 years

Charter Township of Lansing
NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

12. Accrued Interest Payable

Accrued interest is presented for long-term obligations in the government-wide financial statements.

13. Compensated Absences

Township employees are granted sick and vacation leave in varying amounts. In the event of termination, an employee is paid for accumulated sick and vacation time. All employees with accumulated unused sick and vacation time pay at December 31, 2006 were vested and the total due to them, along with the related payroll taxes, is recorded entirely in the government-wide financial statements.

14. Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

15. Deferred Revenue

Deferred revenue consists of property taxes for which there is an enforceable claim as of December 31, 2006, but which are levied to finance year 2006 operations and sewer tap-in fees the Township received for services it has not yet provided. Governmental funds report deferred revenues in connection with receivables for revenue that is not considered available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. Government-wide financial statements report deferred revenues that are unavailable to liquidate liabilities of the current period.

16. Property Tax

The Charter Township of Lansing bills and collects its own property taxes and the tax levy for other governmental units. The Township's property tax revenue recognition policy and related tax calendar disclosures are as follows:

Property taxes are levied on December 1. The tax levies are due February 14. All taxes not paid by their due dates are deemed delinquent. Delinquent real property taxes are turned over to the Ingham County Treasurer on March 1 of the year following the levy. The Ingham County Treasurer remits payment to all taxing units on all delinquent real property taxes. Delinquent personal property taxes are retained by the Township for subsequent collection.

The Township's property tax is levied each December 1 on the taxable valuation of property located in the Township as of the preceding December 31. Although the Township's 2006 tax is levied and collectible on December 1, 2006, it is the Township's policy to recognize revenues from the current tax levy in the subsequent year when the proceeds of the levy are budgeted and made available for the financing of Township operations.

The Township is permitted to levy up to \$7.75 per \$1,000 of taxable valuation for general governmental services. For the year ended December 31, 2006, the Township levied 7.3725 mills for general governmental services and additional amounts for debt services. The total taxable value for the 2005 levy for property within the Township was \$341,174,500.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

17. Interfund Transactions

During the course of normal operations, the Township has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

18. Comparative Data

Comparative data for the prior year has not been presented in the accompanying financial statements since their inclusion would make the financial statements unduly complex and difficult to read.

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS

In accordance with Michigan Compiled Laws, the Township is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of the State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belong to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of Michigan Compiled Laws.
3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
4. The United States government or federal agency obligations repurchase agreements.
5. Bankers acceptances of United States banks.
6. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

✓ **NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED**

Deposits

There is a custodial credit risk as it related to deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of December 31, 2006, the carrying amount of the Township's deposits was \$2,877,830 and the bank balance was \$3,601,402.

Deposits of the Township are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the Township. As of December 31, 2006, the Township accounts were insured by the FDIC for \$522,788 and the amount of \$3,078,614 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the Township held as cash and cash equivalents increased significantly. As a result, the amount of the uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

Investments

As of December 31, 2006, the carrying amounts and market values for the investment are as follows:

<u>INVESTMENT TYPE</u>	<u>Carrying Amount</u>	<u>Weighted Average Maturity</u>	<u>Rating</u>
Insured or registered for which the securities are held by the Township's agent in the Township's name			
Federal Home Loan Mortgage Corporation	\$ 557,835	7-8 years	AAA
Federal National Mortgage Association	68,270	3-4 years	AAA
Federal Home Loan Bank	217,177	4-5 years	AAA
Government National Mortgage Association	123,367	5-6 years	AAA
MBIA - MI Class	4,571	99 days	N/A
U.S. Treasury Securities	<u>8,700</u>	1-2 years	AAA
	979,920		
Uncategorized pooled investment funds	<u>577,001</u>	N/A	N/A
	<u>\$ 1,556,921</u>		

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of December 31, 2006, the Township investment in the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Home Loan Bank, Government National Mortgage Association, and U.S. Treasury Securities investments were rated AAA by Standard and Poor's.

Interest rate risk

The Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designating its investment portfolio with the objective of obtaining a rate of return through the economic cycles considering risk constraints and cash flow characteristics.

Charter Township of Lansing
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

Concentration of credit risk

The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio by security type to ensure that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions in the basic financial statements, based upon criteria disclosed in Note A. The following summarizes the categorization of these amounts as of December 31, 2006:

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Fiduciary Funds</u>	<u>Reporting Entity</u>
Cash and cash equivalents	\$ 1,405,577	\$ 871,236	\$ 400,994	\$ 2,677,807
Cash and cash equivalents - restricted	27,140	-	-	27,140
Investments	<u>1,663,897</u>	<u>-</u>	<u>68,483</u>	<u>1,732,380</u>
	<u>\$ 3,096,614</u>	<u>\$ 871,236</u>	<u>\$ 469,477</u>	<u>\$ 4,437,327</u>

The cash and cash equivalents captions in the basic financial statements include \$2,576 in petty cash.

NOTE C: INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds, business-type funds, and component units have been eliminated.

Transfers to General Fund from: Nonmajor governmental funds	<u>\$ 11,727</u>
Transfers to Tollgate Drain Debt Service Fund from: Nonmajor governmental funds	<u>\$ 60,000</u>
Transfers to nonmajor governmental funds from: General Fund	<u>\$ 24,800</u>

NOTE D: INTERFUND RECEIVABLES AND PAYABLES

The following schedule details interfund receivables and payables related to the primary government at December 31, 2006:

Due to General Fund from: West Side Water District Fund	\$ 2,707
Due to nonmajor governmental funds from: Other nonmajor governmental funds	<u>5,291</u>
	<u>\$ 7,998</u>

Charter Township of Lansing
NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE D: INTERFUND RECEIVABLES AND PAYABLES - CONTINUED

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

NOTE E: ADVANCES RECEIVABLE AND PAYABLES

The following schedule details advances receivable and payable between funds of the primary government at December 31, 2006:

Advance from nonmajor governmental funds to:	
West Side Water District Fund	<u>\$ 90,000</u>

The advance to the West Side Water District Fund was made for the purpose of financing a facilities charge payment to the Lansing Board of Water and Light.

NOTE F: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006 was as follows:

	<u>Balance</u> <u>Jan. 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2006</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 12,411	\$ -	\$ -	\$ 12,411
Capital assets being depreciated				
Land improvements	645,152	178,621	-	823,773
Buildings and improvements	1,026,401	6,900	-	1,033,301
Machinery and equipment	952,343	129,469	(65,816)	1,015,996
Vehicles	1,088,111	21,577	(20,000)	1,089,688
Office equipment and furniture	<u>171,633</u>	<u>6,462</u>	<u>(9,433)</u>	<u>168,662</u>
Total capital assets being depreciated	3,883,640	343,029	(95,249)	4,131,420
Less accumulated depreciation for:				
Land improvements	(191,993)	(30,907)	-	(222,900)
Buildings and improvements	(708,806)	(29,126)	-	(737,932)
Machinery and equipment	(621,769)	(64,906)	59,448	(627,227)
Vehicles	(823,041)	(58,340)	20,000	(861,381)
Office equipment and furniture	<u>(111,561)</u>	<u>(15,528)</u>	<u>8,963</u>	<u>(118,126)</u>
Total accumulated depreciation	<u>(2,457,170)</u>	<u>(198,807)</u>	<u>88,411</u>	<u>(2,567,566)</u>
Net capital assets being depreciated	<u>1,426,470</u>	<u>144,222</u>	<u>(6,838)</u>	<u>1,563,854</u>
Net capital assets	<u>\$ 1,438,881</u>	<u>\$ 144,222</u>	<u>\$ (6,838)</u>	<u>\$ 1,576,265</u>

Charter Township of Lansing
NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE F: CAPITAL ASSETS - CONTINUED

Depreciation expense was charged to the following governmental activities:

General government	\$ 38,229
Public safety	112,663
Public works	13,609
Health and welfare	19,268
Recreation and cultural	<u>15,038</u>
	<u>\$ 198,807</u>

	Balance Jan. 1, 2006	Additions	Deletions	Balance Dec. 31, 2006
Business-type activities				
Capital assets not being depreciated				
Land	\$ 27,701	\$ -	\$ -	\$ 27,701
Capital assets being depreciated				
Water system	5,261,730	5,236	-	5,266,966
Buildings and improvements	76,817	-	-	76,817
Office equipment and furniture	82,816	-	-	82,816
Equipment	<u>271,782</u>	<u>2,400</u>	<u>-</u>	<u>274,182</u>
Total capital assets being depreciated	5,693,145	7,636	-0-	5,700,781
Less accumulated depreciation for:				
Water system	(1,981,847)	(119,442)	-	(2,101,289)
Buildings and improvements	(43,888)	(2,927)	-	(46,815)
Office equipment and furniture	(63,698)	(6,366)	-	(70,064)
Equipment	<u>(185,858)</u>	<u>(17,687)</u>	<u>-</u>	<u>(203,545)</u>
Total accumulated depreciation	<u>(2,275,291)</u>	<u>(146,422)</u>	<u>-0-</u>	<u>(2,421,713)</u>
Net capital assets being depreciated	<u>3,417,854</u>	<u>(138,786)</u>	<u>-0-</u>	<u>3,279,068</u>
Net capital assets	<u>\$ 3,445,555</u>	<u>\$ (138,786)</u>	<u>\$ -0-</u>	<u>\$ 3,306,769</u>
Component Unit (DDA)				
Capital assets not being depreciated				
Land	\$ -	\$ 7,750	\$ -	\$ 7,750
Capital assets being depreciated				
Office equipment and furniture	-	6,063	-	6,063
Less accumulated depreciation for:				
Office equipment and furniture	<u>-</u>	<u>(488)</u>	<u>-</u>	<u>(488)</u>
Net capital assets being depreciated	<u>-0-</u>	<u>5,575</u>	<u>-0-</u>	<u>5,575</u>
Capital assets, net	<u>\$ -0-</u>	<u>\$ 13,325</u>	<u>\$ -0-</u>	<u>\$ 13,325</u>

Charter Township of Lansing

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE G: LONG-TERM DEBT

The following is a summary of changes in long-term debt (including current portion) of the Township for the year ended December 31, 2006:

	Balance Jan. 1, 2006	Additions	Deletions	Balance Dec. 31, 2006	Amount Due Within One Year
PRIMARY GOVERNMENT					
Governmental activities					
2002 Sidewalk Improvement Bonds	\$ 40,000	\$ -	\$ 20,000	\$ 20,000	\$ 20,000
2002 Special Assessment Sidewalk Bonds	10,000	-	5,000	5,000	5,000
1996 City of Lansing Sewer Bonds - Tollgate #2	554,510	-	41,429	513,081	41,429
1996 County of Ingham Tollgate Drain Bonds	2,299,687	-	156,050	2,143,637	164,263
1999 Tollgate #2 Debt Service - Deficiency Bonds	42,575	-	42,575	-0-	-
2002 Special Assessment - Sewer System Bonds	420,000	-	25,000	395,000	25,000
Due to CATA - SBT Reimbursement	46,564	-	15,522	31,042	15,521
Accumulated compensated absences	<u>423,126</u>	<u>-</u>	<u>42,459</u>	<u>380,667</u>	<u>26,647</u>
	3,836,462	-0-	348,035	3,488,427	297,860
Business-type activities					
1996 Water Supply System No. 2 Bonds	330,000	-	30,000	300,000	30,000
1998 Michigan Municipal Bonds	280,000	-	20,000	260,000	20,000
1999 Michigan Municipal Bonds	525,000	-	30,000	495,000	30,000
2003 John Deere Note	12,166	-	12,166	-0-	-
Accumulated compensated absences	<u>35,734</u>	<u>2,334</u>	<u>-</u>	<u>38,068</u>	<u>3,807</u>
	<u>1,182,900</u>	<u>2,334</u>	<u>92,166</u>	<u>1,093,068</u>	<u>83,807</u>
TOTAL PRIMARY GOVERNMENT	5,019,362	2,334	440,201	4,581,495	381,667
COMPONENT UNIT					
Downtown Development Authority					
2002 Ambulance Lease	36,266	-	17,675	18,591	18,591
2002 Wood Street Sanitary Sewer Note Payable	<u>146,928</u>	<u>-</u>	<u>36,732</u>	<u>110,196</u>	<u>36,732</u>
TOTAL COMPONENT UNIT	<u>183,194</u>	<u>-0-</u>	<u>54,407</u>	<u>128,787</u>	<u>55,323</u>
TOTAL REPORTING ENTITY	<u>\$ 5,202,556</u>	<u>\$ 2,334</u>	<u>\$ 494,608</u>	<u>\$ 4,710,282</u>	<u>\$ 436,990</u>

Charter Township of Lansing
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE G: LONG-TERM DEBT - CONTINUED

Significant details regarding outstanding long-term debt (including current portion) are presented below:

PRIMARY GOVERNMENT

Direct Township Obligations

\$95,000 Sidewalk Improvement Bonds Series 2002, dated December 1, 2002, due in an annual installment of \$20,000 through October 1, 2007, with an interest rate of 2.0 percent, payable semi-annually.	\$ 20,000
\$25,000 Special Assessment Sidewalk Bonds, due in an annual installment of \$5,000 through October 1, 2007, with an interest rate of 2.0 percent, payable semi-annually.	5,000
\$848,760 City of Lansing Tollgate #2 Sewer Bonds Series 1996, dated August 3, 1996, due in annual installments ranging from \$41,429 to \$52,052 through August 1, 2017, with an interest rate of 2.25 percent, payable semi-annually.	513,081
\$3,346,865 County of Ingham Tollgate Drain Bonds Series 1996, dated October 1, 1996, due in annual installments ranging from \$164,263 to \$271,034 through October 1, 2016, with interest ranging from 4.8 percent to 6.8 percent, payable annually.	2,143,637
\$465,000 Special Assessment Sewer System Improvement Bonds Series 2002, dated October 1, 2002, due in annual installments ranging from \$5,000 to \$25,000 through October 1, 2022, with interest ranging from 3.0 percent to 6.0 percent, payable semi-annually.	395,000
\$490,000 Water Supply System No. 2 Bonds Series 1998, dated August 1, 1995, due in annual installments of \$30,000 through April 1, 2016, with interest ranging from 5.2 percent to 6 percent, payable semi-annually.	300,000
\$397,981 Michigan Municipal Bond Authority Series 1998, dated September 29, 1998, due in annual installments ranging from \$20,000 to \$25,000 through October 1, 2018, with an interest rate of 2.5 percent, payable semi-annually.	260,000
\$704,392 Michigan Municipal Bond Authority Series 1999, dated June 24, 1999, due in annual installments ranging from \$30,000 to \$45,000 through October 1, 2019, with an interest rate of 2.5 percent, payable semi-annually.	<u>495,000</u>
Total Direct Township Obligations	<u>\$ 4,131,718</u>

Due to CATA - SBT Reimbursement

Past-due amounts payable to Capital Area Transportation Authority, arising from non-payment of Single Business Tax Inventory Reimbursements for 2000 - 2003.	<u>\$ 31,042</u>
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COMPONENT UNIT

\$84,229 Wheeled Coach Type III Ambulance lease dated August 1, 2002, due in an annual installment of \$18,591 through August 1, 2007, with interest of 5.2 percent, payable annually.	\$ 18,591
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Charter Township of Lansing

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE G: LONG-TERM DEBT - CONTINUED

COMPONENT UNIT - CONTINUED

\$183,660 Ingham County Road Commission Wood Street Sanitary Sewer note dated July 31, 2002, due in annual installments of \$36,732 starting April 1, 2005 through April 1, 2009, payable annually.

\$ 110,196

Total Component Unit Obligations

\$ 128,787

The annual requirements to pay the debt principal and interest outstanding for bonds, notes, and leases payable are as follows:

PRIMARY GOVERNMENT

Year Ending December 31,	2002 Sidewalk Improvement Bonds		2002 Special Assessment Sidewalk Bonds		1996 City of Lansing Tollgate #2 Sewer Bonds		1996 County of Ingham Tollgate Drain Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 20,000	\$ 800	\$ 5,000	\$ 200	\$ 41,429	\$ 11,486	\$ 164,263	\$ 99,217
2008	-	-	-	-	41,491	10,554	172,476	91,135
2009	-	-	-	-	43,553	9,598	184,796	82,561
2010	-	-	-	-	45,616	8,618	193,009	73,493
2011	-	-	-	-	45,678	7,614	205,329	63,933
2012-2016	-	-	-	-	243,262	22,271	1,223,764	154,420
2017-2021	-	-	-	-	52,052	1,113	-	-
2022-2024	-	-	-	-	-	-	-	-
	<u>\$ 20,000</u>	<u>\$ 800</u>	<u>\$ 5,000</u>	<u>\$ 200</u>	<u>\$ 513,081</u>	<u>\$ 71,254</u>	<u>\$ 2,143,637</u>	<u>\$ 564,759</u>

Year Ending December 31,	2002 Special Assessment Sewer Improvement Bonds		1996 Water Supply System #2 Bonds		Due to CATA SBT Reimbursement	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 25,000	\$ 16,455	\$ 30,000	\$ 16,530	\$ 15,521	\$ -
2008	30,000	14,955	30,000	14,895	15,521	-
2009	30,000	14,055	30,000	13,230	-	-
2010	30,000	13,095	30,000	11,535	-	-
2011	25,000	12,075	30,000	9,810	-	-
2012-2016	125,000	45,926	150,000	22,440	-	-
2017-2021	125,000	19,050	-	-	-	-
2022-2024	5,000	250	-	-	-	-
	<u>\$ 395,000</u>	<u>\$ 135,861</u>	<u>\$ 300,000</u>	<u>\$ 88,440</u>	<u>\$ 31,042</u>	<u>\$ -</u>

Year Ending December 31,	1998 Michigan Municipal Bonds		1999 Michigan Municipal Bonds	
	Principal	Interest	Principal	Interest
2007	\$ 20,000	\$ 6,498	\$ 30,000	\$ 12,375
2008	20,000	5,999	35,000	11,625
2009	20,000	5,498	35,000	10,750
2010	20,000	4,999	35,000	9,875
2011	25,000	4,498	35,000	9,000
2012-2016	105,000	14,367	195,000	31,125
2017-2021	50,000	1,872	130,000	6,625
2022-2024	-	-	-	-
	<u>\$ 260,000</u>	<u>\$ 43,731</u>	<u>\$ 495,000</u>	<u>\$ 91,375</u>

Charter Township of Lansing
NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE G: LONG-TERM DEBT - CONTINUED

COMPONENT UNIT

Year Ending December 31,	2002 Ambulance Lease		Ingham County Road Commission Wood Street Sewer Note	
	Principal	Interest	Principal	Interest
2007	\$ 18,591	\$ 965	\$ 36,732	\$ -
2008	-	-	36,732	-
2009	-	-	36,732	-
	<u>\$ 18,591</u>	<u>\$ 965</u>	<u>\$ 110,196</u>	<u>\$ -0-</u>

Accrued Compensated Absences - Governmental Activities

Individual employees have vested rights upon termination of employment to receive payments for unused sick and vacation time. The dollar amount of these vested rights including related payroll taxes, which have been accrued on the financial statements in the government-wide financial statements, amounted to approximately \$380,667 at December 31, 2006. The amounts of \$26,647 and \$354,020 have been reported as current and noncurrent liabilities, respectively.

Accrued Compensated Absences - Business-Type Activities

Individual employees have vested rights upon termination of employment to receive payments for unused sick and vacation time. The dollar amount of these vested rights including related payroll taxes, which have been accrued on the financial statements in the government-wide financial statements, amounted to approximately \$38,068 at December 31, 2006. The amounts of \$3,807 and \$34,261 have been reported as current and noncurrent liabilities, respectively.

NOTE H: RETIREMENT PLAN

The Township has a defined contribution pension plan covering all full time employees. This benefit is an insurance-type plan administered under the provisions of Section 401(a) of the Internal Revenue Code. The plan is administered by Massachusetts Mutual Life Insurance Company.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on the investments of those contributions. The plan requires the employer to contribute fifteen percent of the participating employee's gross wages up to \$32,500, with complete vesting within four years.

During the year, the Township's required and actual contributions amounted to \$222,708 which was fifteen percent of its current year covered payroll.

NOTE I: RISK MANAGEMENT

The Township is exposed to various risks of loss for liability, property, automobile, and employer's liability for which the Township carries commercial insurance.

Charter Township of Lansing
NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE I: RISK MANAGEMENT- CONTINUED

The Township also participates in a pool, the Michigan Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy period exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required.

NOTE J: FUND BALANCE RESERVES

Reserved fund balance is used to earmark a portion of fund balance to indicate that it is not appropriate for expenditures or has been legally segregated for a specific future use.

The following are the various fund balance reserves as of December 31, 2006:

General Fund	
Reserved for prepaids	<u>\$ 72,198</u>
 Tollgate Drain Debt Service Fund	
Reserved for debt service	<u>\$ 857,692</u>
 Nonmajor governmental funds	
Reserved for debt service	\$ 149,369
Reserved for capital projects	<u>485,879</u>
	<u>\$ 635,248</u>

NOTE K: RESTRICTED NET ASSETS

Restrictions of net assets shown in the Government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net asset restrictions as of December 31, 2006:

PRIMARY GOVERNMENT	
Governmental activities	
Restricted for	
Debt retirement	<u>\$ 963,882</u>
 Other purposes	
Street lighting	\$ 20,429
Sidewalks	49,074
Drug law enforcement	<u>15,583</u>
	<u>\$ 85,086</u>

NOTE L: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

In the body of the required supplementary information, the Township's budgeted expenditures in the General Fund have been shown at the functional classification level. The Township's budgeted expenditures for nonmajor Special Revenue Funds are not required to be reported in the financial statements. The approved budgets of the Township have been adopted at the activity level for the General Fund and the total expenditure level for the Special Revenue Funds.

Charter Township of Lansing
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE L: EXCESS OF EXPENDITURES OVER APPROPRIATIONS - CONTINUED

During the year ended December 31, 2006 the Township incurred expenditures in the General Fund in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
Health and welfare	\$ 45,409	\$ 50,326	\$ 4,917
Transfers out	-	24,800	24,800

NOTE M: BUILDING AND ZONING FINANCIAL INFORMATION

The Township elected to report the financial activities of the building and zoning department in the General Fund. The following is the required information as it relates to this department for the year ended December 31, 2006:

REVENUES	
Building permits	\$ 66,044
EXPENDITURES	
Salaries and fringes	36,151
Supplies and other	<u>39,451</u>
TOTAL EXPENDITURES	<u>75,602</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(9,558)
PRIOR CUMULATIVE EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>(87,438)</u>
CUMULATIVE EXCESS OF REVENUES (UNDER) EXPENDITURES	<u><u>\$ (96,996)</u></u>

NOTE N: WHOLESALE WATER SERVICE AGREEMENT

The Township entered into an agreement with the Board of Water and Light on June 28, 1995, to purchase conditioned potable water and to provide raw water to the Board. For the year ended December 31, 2006, the Township incurred water charges of \$89,710.

NOTE O: ECONOMIC DEPENDENCY

Approximately 20% of the property tax revenue and 11.5% of water charges for services is generated by property taxes levied and water collections, respectively, on a single organization, General Motors. Revenue from General Motors for property taxes and water collections will be significantly reduced in future years and will have a significant impact on the Charter Township of Lansing's operations, due to the fact that this organization has left the Township.

Charter Township of Lansing
NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE P: CONTINGENT LIABILITIES

There is one (1) material legal action pending against Lansing Charter Township, challenging the property tax assessment. The Township's attorney states that the likelihood of an unfavorable outcome in this case is neither probable nor remote. No additional liability has been recorded in the financial statements related to this action.

NOTE Q: POST-EMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the Township provides certain health care benefits and insurance, in accordance with union agreements and/or personnel policies to retired elected officials. For part-time elected officials the Township will pay 50% of medical insurance premiums for single or two-party coverage, whichever they qualify for, after 20 years of service and age 55. For full-time elected officials the Township will pay for 50% of medical benefits after 16 years of service and age 55 and 100% of medical benefits after 20 years of service and age 55. The Township records the cost of providing these benefits as expenses when paid. The costs of providing these benefits for eleven (11) retirees for the year ended December 31, 2006 was \$96,144.

UPCOMING REPORTING CHANGE

The Governmental Accounting Standards Board has recently release Statement Number 45, *Accounting and Reporting By Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending December 31, 2009.

NOTE R: SUBSEQUENT EVENT

On April 3, 2007, the Township authorized the issuance of \$9,900,000 2007 Downtown Development Bonds with an interest rate of 4 percent, and are scheduled to mature in varying amounts through 2031.

NOTE S: RESTATED NET ASSETS

The Township has restated beginning net assets for governmental activities to correct an overstatement of accounts receivable. Net assets as of December 31, 2005 were \$1,123,239. The adjustment of \$93,040 results in restated net assets as of December 31, 2005 of \$1,030,199.

REQUIRED SUPPLEMENTARY INFORMATION

Charter Township of Lansing

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 2,385,041	\$ 2,415,175	\$ 2,391,929	\$ (23,246)
Licenses and permits	153,090	119,025	140,151	21,126
Intergovernmental	738,825	727,319	768,082	40,763
Charges for services	282,500	293,150	313,961	20,811
Fines and forfeits	6,100	6,100	4,887	(1,213)
Interest and rents	104,000	124,000	127,388	3,388
Other	30,800	103,489	108,966	5,477
TOTAL REVENUES	3,700,356	3,788,258	3,855,364	67,106
EXPENDITURES				
General government				
Legislative	50,150	48,620	45,052	3,568
Executive	139,542	138,242	137,460	782
Clerk	240,722	240,939	237,267	3,672
Treasurer	122,733	123,933	122,975	958
Assessor	35,697	35,697	34,843	854
Elections	23,440	30,367	29,134	1,233
Hall and grounds	85,333	86,606	75,602	11,004
Attorney	66,000	76,000	65,336	10,664
Other	166,919	157,042	168,530	(11,488)
Total general government	930,536	937,446	916,199	21,247
Public safety				
Police department	1,313,925	1,314,499	1,307,815	6,684
Fire department	1,402,247	1,418,368	1,371,493	46,875
Building inspection	66,922	67,231	65,226	2,005
Total public safety	2,783,094	2,800,098	2,744,534	55,564
Public works	22,400	22,400	-	22,400
Health and welfare	48,409	45,409	50,326	(4,917)
Community and economic development	10,266	8,767	4,939	3,828
Recreation and cultural	11,385	19,360	13,774	5,586
TOTAL EXPENDITURES	3,806,090	3,833,480	3,729,772	103,708
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(105,734)	(45,222)	125,592	170,814

Charter Township of Lansing

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 12,300	\$ 11,727	\$ 11,727	\$ -
Transfers out	<u>-</u>	<u>-</u>	<u>(24,800)</u>	<u>(24,800)</u>
 TOTAL OTHER FINANCING SOURCES (USES)	<u>12,300</u>	<u>11,727</u>	<u>(13,073)</u>	<u>(24,800)</u>
 NET CHANGE IN FUND BALANCE	(93,434)	(33,495)	112,519	146,014
 Fund balance, beginning of year	<u>328,980</u>	<u>328,980</u>	<u>328,980</u>	<u>-0-</u>
 Fund balance, end of year	<u>\$ 235,546</u>	<u>\$ 295,485</u>	<u>\$ 441,499</u>	<u>\$ 146,014</u>

Charter Township of Lansing
Nonmajor Governmental Funds
COMBINING BALANCE SHEET
December 31, 2006

	Special Revenue Funds			
	Street Lights	Budget Stabilization	Drug Law Enforcement	Liquor License
ASSETS				
Cash and cash equivalents	\$ 44,050	\$ -	\$ 15,583	\$ -
Investments	-	100,000	-	-
Taxes receivable	107,188	-	-	-
Special assessments receivable	-	-	-	-
Due from other funds	-	-	-	-
Advance to other funds	-	-	-	-
TOTAL ASSETS	<u>\$ 151,238</u>	<u>\$ 100,000</u>	<u>\$ 15,583</u>	<u>\$ -0-</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Deferred revenue	130,809	-	-	-
TOTAL LIABILITIES	130,809	-0-	-0-	-0-
FUND BALANCES				
Reserved for				
Debt service	-	-	-	-
Capital projects	-	-	-	-
Unreserved				
Undesignated, reported in				
Special revenue funds	20,429	100,000	15,583	-
Capital projects funds	-	-	-	-
TOTAL FUND BALANCES	<u>20,429</u>	<u>100,000</u>	<u>15,583</u>	<u>-0-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 151,238</u>	<u>\$ 100,000</u>	<u>\$ 15,583</u>	<u>\$ -0-</u>

Debt Service Funds			Capital Projects Funds	
Building Authority	Sanitary Sewer	Sidewalks	Capital Improvement	Sidewalks
\$ 346	\$ 107,667	\$ 1,161	\$ 140,990	\$ 54,365
-	-	-	-	-
-	-	-	-	-
-	289,971	3,000	-	-
-	-	5,291	-	-
-	-	-	-	-
<u>\$ 346</u>	<u>\$ 397,638</u>	<u>\$ 9,452</u>	<u>\$ 140,990</u>	<u>\$ 54,365</u>
\$ -	\$ -	\$ -	\$ -	\$ 5,291
-	258,067	-	-	-
-0-	258,067	-0-	-0-	5,291
346	139,571	9,452	-	-
-	-	-	-	49,074
-	-	-	-	-
-	-	-	140,990	-
<u>346</u>	<u>139,571</u>	<u>9,452</u>	<u>140,990</u>	<u>49,074</u>
<u>\$ 346</u>	<u>\$ 397,638</u>	<u>\$ 9,452</u>	<u>\$ 140,990</u>	<u>\$ 54,365</u>

Charter Township of Lansing

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

December 31, 2006

	Capital Projects Funds - continued			Total Nonmajor Governmental Funds
	Parks	Sanitary Sewer	Drains	
ASSETS				
Cash and cash equivalents	\$ 25,316	\$ 5,649	\$ 35,128	\$ 430,255
Investments	-	-	306,028	406,028
Taxes receivable	-	-	-	107,188
Special assessments receivable	-	-	-	292,971
Due from other funds	-	-	-	5,291
Advance to other funds	-	-	90,000	90,000
TOTAL ASSETS	<u>\$ 25,316</u>	<u>\$ 5,649</u>	<u>\$ 431,156</u>	<u>\$ 1,331,733</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ 5,291
Deferred revenue	-	-	-	388,876
TOTAL LIABILITIES	-0-	-0-	-0-	394,167
FUND BALANCES				
Reserved for				
Debt service	-	-	-	149,369
Capital projects	-	5,649	431,156	485,879
Unreserved				
Undesignated, reported in				
Special revenue funds	-	-	-	136,012
Capital projects funds	25,316	-	-	166,306
TOTAL FUND BALANCES	<u>25,316</u>	<u>5,649</u>	<u>431,156</u>	<u>937,566</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 25,316</u>	<u>\$ 5,649</u>	<u>\$ 431,156</u>	<u>\$ 1,331,733</u>

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Charter Township of Lansing

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

Year Ended December 31, 2006

	Special Revenue Funds			
	Street Lights	Budget Stabilization	Drug Law Enforcement	Liquor License
REVENUES				
Taxes	\$ 50,437	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	11,727
Interest and rents	1,572	-	632	-
Other	74,688	-	-	-
TOTAL REVENUES	126,697	-0-	632	11,727
EXPENDITURES				
Current				
Public works	125,360	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
TOTAL EXPENDITURES	125,360	-0-	-0-	-0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,337	-0-	632	11,727
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(11,727)
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	-0-	(11,727)
NET CHANGE IN FUND BALANCES	1,337	-0-	632	-0-
Fund balances, beginning of year	19,092	100,000	14,951	-
Fund balances, end of year	\$ 20,429	\$ 100,000	\$ 15,583	\$ -0-

Debt Service Funds			Capital Projects Funds	
Building Authority	Sanitary Sewer	Sidewalks	Capital Improvement	Sidewalks
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	19,976	257	2,306	2,321
-	37,258	3,751	-	4
-0-	57,234	4,008	2,306	2,325
-	-	-	-	-
-	-	-	6,900	-
-	43,205	26,997	-	-
-0-	43,205	26,997	6,900	-0-
-0-	14,029	(22,989)	(4,594)	2,325
-	-	20,800	-	-
-	-	-	-	-
-0-	-0-	20,800	-0-	-0-
-0-	14,029	(2,189)	(4,594)	2,325
346	125,542	11,641	145,584	46,749
<u>\$ 346</u>	<u>\$ 139,571</u>	<u>\$ 9,452</u>	<u>\$ 140,990</u>	<u>\$ 49,074</u>

Charter Township of Lansing

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended December 31, 2006

	Capital Projects Funds - continued			Total Nonmajor Governmental Funds
	Parks	Sanitary Sewer	Drains	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 50,437
Licenses and permits	-	-	-	11,727
Interest and rents	231	-	14,493	41,788
Other	-	-	-	115,701
TOTAL REVENUES	231	-0-	14,493	219,653
EXPENDITURES				
Current				
Public works	-	-	10,092	135,452
Capital outlay	10,997	-	58,648	76,545
Debt service	-	-	-	70,202
TOTAL EXPENDITURES	10,997	-0-	68,740	282,199
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,766)	-0-	(54,247)	(62,546)
OTHER FINANCING SOURCES (USES)				
Transfers in	4,000	-	-	24,800
Transfers out	-	-	(60,000)	(71,727)
TOTAL OTHER FINANCING SOURCES (USES)	4,000	-0-	(60,000)	(46,927)
NET CHANGE IN FUND BALANCES	(6,766)	-0-	(114,247)	(109,473)
Fund balances, beginning of year	32,082	5,649	545,403	1,047,039
Fund balances, end of year	<u>\$ 25,316</u>	<u>\$ 5,649</u>	<u>\$ 431,156</u>	<u>\$ 937,566</u>

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Charter Township of Lansing

Agency Funds

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

December 31, 2006

	<u>Agency Funds</u>		
	<u>Trust and Agency</u>	<u>Current Tax</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	<u>\$ 40,798</u>	<u>\$ 360,196</u>	<u>\$ 400,994</u>
LIABILITIES			
Due to other governmental units			
Local	<u>\$ 40,798</u>	<u>\$ 360,196</u>	<u>\$ 400,994</u>

Charter Township of Lansing

Component Unit Fund - Downtown Development Authority

BALANCE SHEET

December 31, 2006

ASSETS

Cash and cash equivalents	\$ 861,757
Taxes receivable	690,414
Due from other governmental units	<u>9,439</u>

TOTAL ASSETS	<u>\$ 1,561,610</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 5,361
Due to other governmental units	28,992
Deferred revenue	<u>769,617</u>

TOTAL LIABILITIES	803,970
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FUND BALANCE

Unreserved - undesignated	<u>757,640</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,561,610</u>
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Charter Township of Lansing

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT
OF NET ASSETS - DOWNTOWN DEVELOPMENT AUTHORITY

December 31, 2006

Fund balance - governmental fund \$ 757,640

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 13,813	
Accumulated depreciation is	<u>(488)</u>	
Capital assets, net		13,325

Long-term liabilities are not due and payable in the current period and
therefore are not reported in the Governmental Funds Balance Sheet.

Long-term liabilities at year-end consist of:

Long-term obligation	(128,787)	
Accrued interest payable	<u>(402)</u>	
		<u>(129,189)</u>

Net assets of governmental activities \$ 641,776

Charter Township of Lansing

Component Unit Fund - Downtown Development Authority

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE

Year Ended December 31, 2006

REVENUES

Taxes	\$ 1,336,921
Interest	<u>11,840</u>

TOTAL REVENUES	1,348,761
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EXPENDITURES

Current	
Community and economic development	691,933
Debt service	56,289
Capital outlay	<u>69,328</u>

TOTAL EXPENDITURES	<u>817,550</u>
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NET CHANGE IN FUND BALANCE	531,211
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Fund balance, beginning of year	<u>226,429</u>
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Fund balance, end of year	<u><u>\$ 757,640</u></u>
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Charter Township of Lansing

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
- DOWNTOWN DEVELOPMENT AUTHORITY

Year Ended December 31, 2006

Net change in fund balance **\$ 531,211**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$	13,813	
Depreciation expense		<u>(488)</u>	
Excess of capital outlay over depreciation expense			13,325

Items resulting from the repayment of long-term debt and borrowing of long-term debt is reported as expenditures, other financing uses, and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings and other liabilities increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Principal retirement	54,407
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	<u>382</u>
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Change in net assets of governmental activities **\$ 599,325**

Charter Township of Lansing

Component Unit Fund - Economic Development Corporation

BALANCE SHEET

December 31, 2006

ASSETS

Cash and cash equivalents

\$ 9,479

FUND BALANCE

Unreserved - undesignated

\$ 9,479

Note: Reconciliation of the component unit governmental fund balance sheet to the statement of net assets for this component unit is not required as the component unit's fund balance was equal to the component unit's net assets as of December 31, 2006.

Charter Township of Lansing

Component Unit Fund - Economic Development Corporation

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE

Year Ended December 31, 2006

REVENUES	
Intergovernmental	\$ 10,000
EXPENDITURES	
Current	
Community and economic development	<u>521</u>
NET CHANGE IN FUND BALANCE	9,479
Fund balance, beginning of year	<u>-</u>
Fund balance, end of year	<u><u>\$ 9,479</u></u>

Note: Reconciliation of the statement of revenues, expenditures, and changes in fund balance of this component unit's governmental fund to the statement of activities for the component unit is not required as the net change in fund balance of the component unit governmental fund was equal to the change in net assets of the component unit for the year ended December 31, 2006.

Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA



ABRAHAM & GAFFNEY, P.C.

Certified Public Accountants

3511 Coolidge Road
Suite 100
East Lansing, MI 48823
(517) 351-6836
FAX: (517) 351-6837

MANAGEMENT LETTER

To the Members of the Township Board
Charter Township of Lansing
Lansing, Michigan

As you know, we have recently completed our audit of the records of the Charter Township of Lansing, Michigan as of and for the year ended December 31, 2006. In connection with the audit, we feel that changes in your accounting and administrative procedures would be helpful in improving management's control and the operational efficiency of the accounting and administrative functions. These suggestions are a result of our evaluation of the internal control and our discussions with management.

1. The Township should escheat unclaimed property to the State of Michigan.

During our audit, it was noted that the Township had outstanding checks listed on their Current Tax and Fire Department bank reconciliations that were up to four (4) years old. The Michigan Public Act 29 of 1995 provides that the Department report and escheat unclaimed property to the State of Michigan in the year after they have been outstanding for more than one year. This issue was noted and reported in our prior audit comments.

We suggest the Township attempt to contact the payees in an effort to clear old outstanding checks. In the event that the rightful property owners cannot be located, we suggest the Township review their unclaimed property and escheat funds to the State of Michigan as necessary.

2. The Township should evaluate policies and procedures with respect to purchases made with the Township's debit card.

During our audit, it was noted that on one occasion, the Township's debit card had been used by an employee for the purchase of alcoholic beverages. This constitutes an unlawful expenditure of governmental funds. After bringing the transaction to management's attention, the employee was made aware of the unlawful expenditure and the Township was reimbursed by the employee.

We suggest that the Township review the current debit card policy and ensure that all users of the card are aware of appropriate expenditures. We also suggest that the Township carefully monitor debit card transactions so as not to incur unlawful expenditures.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the financial statements. These conditions did not affect our report on the financial statements dated June 6, 2007.

This report is intended solely for the information of management and the Members of the Board of Trustees of the Charter Township of Lansing and is not intended to be, and should not be, used by anyone other than these specified parties.

We wish to express our appreciation for the courtesy and cooperation extended to us during our audit. We are available to discuss any or all of these suggestions with you and to provide assistance in the implementation of improvements.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

June 6, 2007